



## Canada: U.S. Companies Capture Large Share of Canada's Aerospace Market

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Canada is the world's third largest aerospace industry after the United States and Europe. In 2008, Canadian aerospace sales totaled \$19.38<sup>1</sup> billion, with approximately 400 aerospace companies employing 83,000 workers. U.S. suppliers of aerospace parts have captured a large part of Canada's aerospace market. In general, Canadian firms rely on U.S. aerospace suppliers for over 50% of all their inputs. Even though the considerable slowdown in the global economy has greatly affected aircraft manufacturing, the Canadian aerospace market continues to offer business opportunities for U.S. suppliers of aircraft and aircraft parts. Canadian aerospace companies are especially seeking advanced, high-tech aerospace products from the United States. Because airlines need to buy more fuel efficient, cost-effective aircraft, the development of new aircraft manufacturing technologies is creating a substantial demand for innovative, greener, lighter products. Moreover, as Canadian companies slowdown their production, they are focusing on positioning themselves to take off as soon as the economy begins to recover. They are doing a strategic review of their current suppliers and are examining potential new ones.

### Canada: A World Class Aerospace Leader

Canada's international aerospace reputation and know-how is among the best. Montreal is one of three world-class aerospace centers in the world, along with Toulouse (France) and Seattle (United States). Montreal is also one of the few places in the world where an entire aircraft can be assembled within a 30 mile radius. Canadian aerospace industry is unique because approximately 82% of its domestic production is exported. Several Canadian aerospace companies are world leaders and have captured as much as 80 percent of the world market share in their product categories. Canada is home to some of the biggest names in aerospace: Bombardier, CAE, Héroux-Devtek, MDA Corporation, Pratt & Whitney Canada, and Rolls Royce Canada. Below is Canadian aerospace companies' world market share by aerospace product category.

Canadian Aerospace Companies' Global Competitiveness and Leadership - 2004

Segment	World Market Share
20-90 seat regional aircraft	47%
Small gas turbine engines	34%
Commercial flight simulators	80%
Visual simulation sector	70%
Civil helicopters	14%
Landing gear	31%
New large aircraft landing gear	60%
Transport aircraft environmental control systems	60%

Source: Aerospace Industries Association of Canada, Teal Group.

<sup>1</sup> According to the Aerospace Industries Association of Canada, Canadian aerospace production in 2008 was \$23.6 Billion CDN. The Canada-U.S. exchange rate of 1.218 was used.

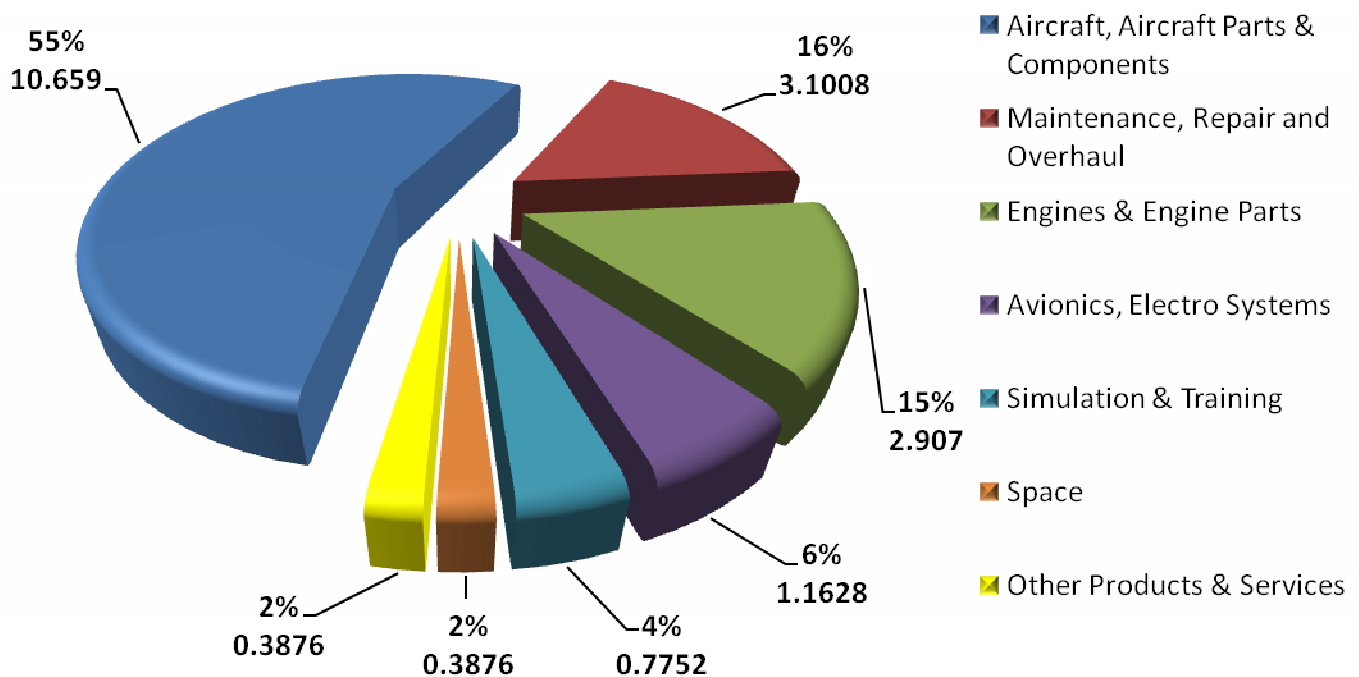
Canada's aerospace industry is distributed nationwide, with a large concentration in the following three clusters: Quebec, Ontario and Manitoba. Montreal is home to major aircraft OEMs, and accounts for over 60% of Canada's aerospace production. Toronto is an international center for commercial aircraft manufacturing and systems integration. Winnipeg is a major North American centre for aerospace manufacturing, repair and overhaul.

In recent years the following growing clusters have emerged: British Columbia (maintenance, repair and overhaul (MRO), program management, engineering, maintenance, helicopter services, material and information systems support for military fleets), Alberta and Saskatchewan (MRO, after-market products and services, UMWs, defense electronics, satellite systems) and the Atlantic region (MRO, helicopter services, gas turbines, systems integration, software development and training and simulation).

### Canada's Aerospace Know How

Canada's aerospace industry is a mature, diverse sector segmented into the following categories: aircraft and aircraft parts and components (accounts for more than half of Canadian aerospace production), maintenance, repair and overhaul, engine and engine parts, avionics and electrical systems, simulation and training, space and other products and services.

### Canada's Aerospace Production by Sub-Sector (in \$billion - 2008)



## Opportunities for U.S. Aerospace Suppliers

The Canadian aerospace market offers numerous business opportunities for U.S. suppliers of aircraft and aircraft parts, including aircraft engines and engine parts. Canada is the world's fifth largest importer of aircraft and aircraft parts. In 2008, the Canadian market demand for aircraft and aircraft parts market was valued at \$16.82 billion, a 9% increase over the previous year. Within this growing demand, a key fact to note is that nearly two thirds of all aircraft and aircraft parts imports in 2008 were from the United States: 61.7% or \$7.5 billion.

The U.S.'s share of aircraft and aircraft parts imports has increased over the last few years, and more importantly, Canada's imports from the U.S. are rising faster than Canada's total imports. The U.S. is capturing an increasing larger part of Canada's aircraft and aircraft parts market. Many aerospace companies stated that on average, they source over half of their aerospace products from the United States.

Canadian aerospace companies are especially seeking advanced, high-tech aerospace products from the United States. As the industry faces the current economic downturn, and airliners need to buy more fuel efficient, cost-effective aircraft, the development of new aircraft manufacturing technologies create a substantial demand for new, greener, lighter parts and materials.

When comparing other foreign suppliers of aircraft and aircraft parts to Canada, we can clearly see that the United States has a significant lead. The second largest exporter of aircraft and aircraft parts to Canada is the U.K., with 14.2% of total Canadian imports in 2008. Combined, European countries account for approximately 25% of all Canadian imports.

### Leading Aircraft and Aircraft Parts Imports by Canada - 2008

#### Canada's Top 5 Aircraft/Aircraft Parts Imports

	\$ Value
Aircraft, powered; spacecraft and launch vehicles (HS 8802)	\$3.5 billion
Parts of balloons etc., aircraft, spacecraft etc. (HS 8803)	\$3.5 billion
Turbojet and turbo propeller parts (HS 841191)	\$2.1 billion
Turbojets of a thrust exceeding 25 Kn (HS 841112)	\$1.1 billion
Gas turbine parts nesoi (HS 841199)	\$594 million

#### Canada's Fastest Growing Imports of Aircraft/Aircraft Parts

	07/08 Growth	\$Value
Turbo propellers of a power exceeding 1,100 Kw (HS 841122)	185.6%	\$142 million
Reaction Engines Other than Turbojets (HS 841210)	172.4%	\$265 thousand
Mach. for aircraft maintenance, o/t industrial rob (HS 8479899997)	89.7%	\$5.65 million
Gas Turbines of a power not exceeding 5,000 Kw (HS 841181)	28.39%	\$73.2 million
Transmission apparatus for civil aircraft (HS 8525500020)	26.37%	\$32.1 million

#### Canada's Top 5 U.S. Aircraft/Aircraft Parts Imports

	\$Value	07/08 Growth
Aircraft, powered; spacecraft & launch vehicles (HS 8802)	\$2.7 billion	10.79%
Parts of balloons etc., aircraft, spacecraft etc. (HS 8803)	\$1.6 billion	9.07%
Turbojet and turbo propeller parts (HS 841191)	\$1.2 billion	24.87%
Turbojets of a thrust exceeding 25 Kn (HS 841112)	\$582 million	-2.91%
Instruments & appl. for aero/space nav. except compass (HS 901420)	\$306 million	8.88%

Note that there is almost a perfect match between the top 5 aircraft and aircraft parts products being imported to Canada worldwide, and the top 4 U.S. aircraft and aircraft parts products being imported to Canada from the U.S. The United States is therefore well-positioned in the Canadian aerospace market; it is currently supplying Canada with a large portion of the products Canada imports.

### For More Information

If your company would like to have more information on business opportunities in the Canadian aerospace marketplace, please contact Ms. Gina Rebelo Bento, National Commercial Specialist for the Canadian Aerospace Industry via e-mail at: [Gina.Bento@mail.doc.gov](mailto:Gina.Bento@mail.doc.gov); phone: 1-514-398-9695 ext. 2260; fax: 1-514-398-0711. Please visit our website: [www.buyusa.gov/Canada](http://www.buyusa.gov/Canada) for updated trade missions and upcoming events. To receive market updates on upcoming business opportunities and trade events, please email her at [Gina.Bento@mail.doc.gov](mailto:Gina.Bento@mail.doc.gov) and ask to be placed on her mailing list.

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